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DEPARTMENT OF STATE A/CDC/MP 1955 JUN 7 PM 4

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Origin

Info:

1. Assume LARC will require payment MSAct commitment in immediate future.

2. Treasury/Defense/State/FOA consultation indicates no difficulty extension arrangements already in effect special funds to include MSAct funds if FOA requirements reporting to Congress can be met and in accordance following paragraph 5.

3. One (combined) account for both funds preferred by Defense and FOA/W. It would be helpful to us in connection with Defense appropriation be able ~~Defense not in position insist but hopes be able secure information similar~~ obtain information similar provided on use USA funds. ~~that provided FOA on use its funds~~

4. Routine Treasury status reports, whether for combined or two accounts, do not (repeat not) reveal source deposit.

5. Under single (combined) account, GOL free to invest portion in 90-day bills as previously suggested. MSAct portion, however, should not be handled such way as result straight economic aid being lent US at interest. Thus the $3 million would be held in account with Secretary Treasury until drawn down by expenditures and will not earn interest.

6. Implementation Articles 5 and 6 Act establishing LARC suggests adequate method fulfilling FOA reporting requirements.

7. Alternatives t

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Drafted by: FOA:ABoke:kla 6/6/55

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Clearances:
STATE: S/MSA-Frechtling (in substance)
ED-LaMacchia (in substance)
AF-Gatch
TREASURY - Bee (in substance)
FOA - Moran, Bogardus (in draft)

DEFENSE-Dodgridge (in substance)

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7. Alternatives to Paragraph 6 above in order preference:

a. informational list not subject FOA/W approval to accompany each withdrawal request indicating purpose expenditure;

b. quarterly report expenditure actually made against $3 million;

c. list LARC allocations in detail sufficient inform Congress.

8. RE Paragraph 5, Enclosure 2 TOUSFO 523, Treasury not favorably disposed making payment numerous individual vouchers small amounts. Periodic lump sum transfers from Treasury account to commercial or GOL banks preferred to avoid unnecessary detailed accounting.

9. USOM reminded allotment No. 1 (See USFOTO 468) available transfer USOM or on USOM request to Treasury or other depository either total amount or by projects.

10. Mission comments requested.

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